

**BILL NO. 31-0375**

**Thirty-first Legislature of the Virgin Islands**

**May 31, 2016**

An Act repealing Act No. 7730 relating to the appropriation of \$1,000,000 in connection with the litigation between the Government and Hess Oil V.I. Corp., HOVENSA, LLC, and, PDVSA V.I., Inc. and related entities and re-appropriating the \$1,000,000 to the Public Finance Authority for professional services, studies, project development and expenses relating to the St. Croix Brand Hotel Project

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**PROPOSED BY:** Senator Neville James by Request of the Governor

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1           **WHEREAS**, in 1989 Hurricane Hugo took a massive toll on what was left of St. Croix's  
2 hotel industry; and

3           **WHEREAS**, St. Croix lost roughly half of its dated guestroom inventory that was in  
4 place prior to Hurricane Hugo; and

5           **WHEREAS**, since Hurricane Hugo, St. Croix has had no major hotel brand name  
6 development with the recognition and market base to draw demand to the island; and

7           **WHEREAS**, in 2003, the Government of the Virgin Islands commissioned a destination  
8 study relating to the absence of and the viability of attracting branded, upscale or upper-upscale  
9 hotel lodgings to St. Croix; and

1           **WHEREAS**, the 2003 study concluded that a branded, upscale or upper-upscale hotel in  
2 St. Croix would be beneficial to the economy and tourism product of St. Croix; and

3           **WHEREAS**, St. Croix remains without the infrastructure of larger resort hotels  
4 necessary to provide the amount of rooms to support strong flight activity and an appropriate  
5 base of tourism visitation; and

6           **WHEREAS**, there continues to be no significant meeting capability on St. Croix, and  
7 therefore regional demand and available conference business is generally not captured by St.  
8 Croix; and

9           **WHEREAS**, while there has been some increase in hotel occupancy and airlift visitors to  
10 the island, the capacity for hotel rooms has not increased sufficient to grow the tourism industry;  
11 and

12           **WHEREAS**, in order to save the St. Croix tourism industry and begin a trend towards  
13 recovery rather than decline, a first-class luxury, full-service branded hotel resort is necessary to  
14 generate synergy on the island and attract an increased base to support increase flight activity  
15 and accessibility to the island; and

16           **WHEREAS**, the Government of the Virgin islands while updating the study through the  
17 Public Finance Authority desires to proceed with the planned development, construction and  
18 operation of a first class luxury, full-service, branded hotel resort of at least 250 rooms for the  
19 island of St. Croix; and

20           **WHEREAS**, the 31<sup>st</sup> legislature of Virgin Islands appropriated \$1,000,000 in Act 7730  
21 to provide for the payment of costs and legal fees in the Government's litigation involving Hess  
22 Oil Corp., HOVENSA, LLVC and PDVSA; and

23           **WHEREAS**, the litigation between the Government of the Virgin Islands and Hess Oil  
24 Corp., HOVENSA, LLC, and PDVSA has been fully resolved; and

